



NEC Points to Growth Opportunities Outside Japan

July 26, 2018

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IDC's Quick Take

This IDC Link looks at the NEC EMEA Partner event, in which the organization covered its transformation strategy and how it relates to the ecosystem.

Event Highlights

The [announcement](#) of the agreement between NEC and the University of Murcia, Spain, to develop an innovation center aimed at Smart City solutions followed the NEC Enterprise Solutions EMEA Partner event held in The Netherlands in 2Q18. The event was interesting on several levels: (1) the fact that EMEA and the Americas are now a single unit addressing the market for enterprise solutions (2) the focus on the digital journey of NEC and partners and (3) the opportunity this offers NEC partners to transform and grow their business.

Regional lead, Paul Kievit, is now President and Head of Enterprise Business in both EMEA and the Americas. IDC is extremely excited about this move, because we have often raised the issue of sluggish performance outside Japan. Approaching EMEA and the Americas as a more unified entity from a management responsibility point of view will help to drive sales success as best practices are adopted, technology innovation shared, and a general focusing of minds achieved. Kievit is a seasoned European executive with a keen understanding of Japanese business culture and the American way of doing things. We believe he is well-placed to grow the business outside of Japan. One of the themes of his keynote was that "2018 is the greatest and most disruptive time to be in business."

Leveraging IDC's Digital Transformation framework, Kievit called out the fact that the business environment is increasingly digital and connected and stressed four areas: (1) the mobility revolution and virtualization, (2) business networking and cloud, (3) customer engagement and IoT, and (4) security and big data. This drives transformation across at least three areas: change of competitive landscape, change of business model, and change in the solutions and services offering. Kievit underscored the importance of accelerating this transformation, both inside NEC with its "Enterprise Global Transformation" initiative, and in the partner ecosystem.

IDC's Point of View

There is little doubt that NEC is a very sizeable technology company, with annual revenues of over \$26 billion and 107,000 employees, a strong focus on social responsibility, and innovation in areas like biometrics. It has a wide-ranging portfolio that includes hardware, software, and services, but also smart IT, cloud, analytics, and artificial intelligence. NEC also places a lot of emphasis on the co-creation of solutions by its wide ecosystem, including its 4,000 partners across the world.

Yet, at the same time, it is fair to say that NEC is not as well-known in EMEA (and the U.S.) as it could be, and that it has considerable upside in growing its market penetration and share. Kievit identified the following as key areas of opportunity in EMEA: unified communications, storage, security, hybrid cloud, virtualization in the network space (SDN), and helping clients move from capex to opex-focused models. IDC would agree with calling out these areas, which are showing very robust growth as some traditional markets are disrupted by the forces of digital transformation. We'll continue to keep a close eye on NEC in EMEA, but also beyond as the business outside Japan will continue to offer strong growth opportunities.